

## Clause and Effect: The Top 6 Laundered Contract Concerns

Contracts for laundered garments often contain hidden costs and clauses that can have a big effect on your bottom line. This can also make it difficult – and expensive – to exit a contract. What you don't know about your laundry contract can hurt you. **Here are the top 6 laundered contract concerns that you should be aware of:**

**1 CONTRACT LENGTH:** Five years is typical. It can lock you into a program even if it no longer makes economic sense. ***If you exit early, you may be responsible for buying out excess inventory.***

Don't get trapped.

***Get the expiration date of your contract and the cancellation notification requirements in writing.***

Contract length: \_\_\_\_\_ Expiration date: \_\_\_\_\_

**2 AUTOMATIC RENEWAL CLAUSE:** Most contracts automatically roll over unless the customer cancels within a specific time frame. ***So if you don't do so in writing months in advance, your contract could be automatically renewed for several years.***

Nobody wants to be stuck in a contract without recourse.

***Ask for written clarification of the expiration date, notification requirements and auto-renewals and evaluate your options.***

Cancellation notification date: \_\_\_\_\_  
 (Typically six months prior to expiration date. Varies by contract agreement.)

**3 REQUIRED INVENTORIES:** To allow time for shipping, processing, irradiation and delivery, required inventories are often higher than you think. ***That means you're most likely financially responsible for more garments than you're actually using.***

Find out how many garments you're required to support each week and how long it takes to turn a set around. Request monthly updates on circulating inventory levels so you can clarify costs. Ask what you're paying for garments that are taken out of service for damages.

You need this information to determine the true costs of laundered garments.

Garments in circulation: \_\_\_\_\_ Replacement cost: \_\_\_\_\_

**4 UNIT COSTS VS. QUOTED UNIT PRICES:** Did you know that quoted unit prices are typically applied to 100 percent of inventory each week, not the number of weekly changes? ***That means you're potentially being charged every week for inventory that you aren't using.***

Are you being billed for 100 percent of inventory each week when you're only using 25-30 percent?

***Ask your provider to tell you – in writing – how many weeks of inventory are needed to support your actual usage and needs.***

**Weekly usage:**  
 Hoods: \_\_\_\_\_ Coveralls: \_\_\_\_\_ Boot Covers: \_\_\_\_\_

**Circulating inventory:**  
 Hoods: \_\_\_\_\_ Coveralls: \_\_\_\_\_ Boot Covers: \_\_\_\_\_

**5 CONTRACT TERMINATION:** Most customers can exit contracts for any reason but this often includes a costly buyout.

Find out what your termination costs are. Would you have to buy the entire inventory? If so, at what price? Would it be depreciated based on garment age or would you have to pay full price for all of it?

***Get periodic updates on exit costs and ask your launderer to justify the costs in writing.*** You may be able to challenge the costs associated with the exit clause.

Buyout requirements: \_\_\_\_\_

Negotiated amount: \_\_\_\_\_

**6 52 WEEKS OF BILLING:** That's right. You're most likely being billed 52 weeks a year whether you're in operation or not. Your rate probably doesn't take actual usage into account.

Do your activities fluctuate or do you shut down for maintenance?

***If so, consider how much you're losing by paying for garments when they're not in use. If you deduct downtime, how much are you really paying for your laundered garments?***

Weeks shut down (Maintenance, holidays, other): \_\_\_\_\_

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